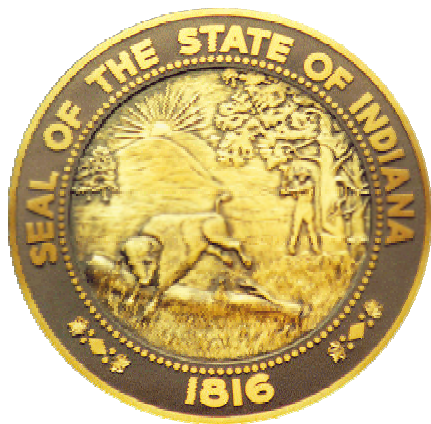


Indiana Commission for Agriculture and Rural Development (ICARD)

ICARD Annual Report

January 2002 – December 2002





ICARD Accomplishments

Annual Report Year: January – December 2002

Introduction

The Indiana Commission for Agriculture and Rural Development (ICARD), a bipartisan citizens group which was formed in 1989 by the Indiana General Assembly, advises the governor and lieutenant governor on agricultural policy issues. It is.

This year was devoted to the review of Indiana's agricultural strategic plan. Most of ICARD's meetings were dedicated to the writing, editing and finalization of the strategic plan for Indiana agriculture.

ICARD held six commission meetings during 2002, and several workgroup meetings. This report summarizes the work of those meetings.

ICARD Membership

- Dennis Carnahan, Vincennes
- George Corya, Commiskey
- Wayne Dillman, Martinsville
- Richard Fellows, Nabb
- Fred Mann, Cloverdale
- David Ring, Huntingburg
- Danita Rodibaugh, Rensselaer
- Gene Schmidt, Hanna
- Mark Townsend, Hartford City
- Max Wilson, Kokomo
- Lt. Governor Joseph E. Kernan, Commissioner of Agriculture, Chair
- Victor L. Lechtenberg, Dean of Agriculture, Purdue University, ex-officio
- Joe Pearson, Assistant Commissioner of Agriculture, ex-officio

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Executive Summary



- Tracked state and federal agricultural legislation.
- Assisted southeastern Indiana tobacco producers by working with legislators to:
 - Guarantee Master Settlement Agreement Phase II (direct) payments to tobacco quota owners and growers;
 - Provide direct payments to tobacco quota owners and growers for five years;
 - Eliminate direct payments by the State of Indiana to tobacco quota owners and growers;
 - Provide \$1.2 million per year to the Indiana Rural Development Council to establish rural development organizations and rural policies and strategies;
 - Establish the Rural Development Fund, \$2.5 million per year, for rural areas to enhance community and economic development; and
 - Supplement \$1 million per year to the Value Added grant program.

Note: The above legislation was introduced, but did not pass during the 2002 Indiana General Assembly.
- Tracked environmental issues affecting the agriculture's animal and crop industry in Indiana during 2002. Those included:
 - Save the Valley Lawsuit;
 - Wetlands (401 certification and non 404 wetlands);
 - Total Maximum Daily Load (TMDL) Listing and Delisting Procedures;
 - Manure Management Certification;
 - Triennial Review of Water Quality Standards;
 - Storm Water Permits for Small Municipal Communities, and One-Acre or More Tracts of Land;
 - Air / Odor / Dust Regulations;
 - Wellhead Protection;
 - Composting; and
 - Groundwater regulations.

- Developed the “Strategic Plan for Indiana Agriculture” with stakeholders of the agricultural community. (See Attached Plan).
- Received quarterly updates from the Indiana Land Resources Council, the Indiana Rural Development Council and the Value Added Business Development component of the Office of the Commissioner of Agriculture.
- Provided comments to the Indiana Department of Environmental Management (IDEM) on the Section 303d List of Indiana Impaired Water Bodies and Streams.
- Received an update from the Indiana Department of Education – Vocational Agriculture Division on agricultural education and FFA programs in Indiana.
- Researched and began exploratory work in the development of an energy audit program for livestock producers in Indiana. The program would be in conjunction with the Indiana Department of Commerce – Energy Policy Division.
- Visited Chore Time Brock Manufacturing and Maple Leaf Farms, and received updates from manufacturers and processors about the opportunities for agribusiness companies.
- Worked with the Office of the Commissioner of Agriculture in the compilation of the Counter-Terrorism and Security Council (C-TASC) Agriculture Security Task Force, and compiled recommendations from the agricultural community to better prepare the Indiana agriculture industry in the event of a terrorist threat or attack. The report was presented to C-TASC in November 2002.
- Hosted the U.S. Department of State Senior Seminar Program for the 12th consecutive year. The U.S. Foreign Services Institute works with the Office of the Commissioner of Agriculture to host the agricultural curriculum study for the U.S. diplomats in Indiana. OCA develops a classroom curriculum with Purdue University and pairs the diplomats with Hoosier farm families in the middle of harvest to learn about and see how production agriculture functions at the farm gate.
- Attended two U.S. Environmental Protection Agency (EPA) Region V Meetings in Chicago, Illinois, and Traverse City, Michigan, and met with counterparts from the other Region V states to discuss environmental issues affecting animal agriculture, air emissions, animal diseases and disposal mechanisms of dead and/or infected animal carcasses.

Indiana Commission for Agriculture and Rural Development



Monthly Summaries



February 2002

- Tracked agricultural legislation for the State of Indiana.
 - ICARD monitored several pieces of legislation during the 2002 Indiana General Assembly, including:
 - House Bill 1001 – *Anti-terrorism Measures*: This legislation established several counter terrorism measures and specifically protects agricultural processors from terrorist events or threats. This bill passed and was signed by Governor O'Bannon.
 - House Bill 1095 – *Soil and Water Conservation District Examinations*: This legislation specified that soil and water conservation districts shall be charged \$45 per day per examiner for examinations by the state board of accounts. However, under current law, the districts pay the actual costs of the examinations. This legislation was vetoed by Governor O'Bannon.
 - House Bill 1119 – *Seed Contracts*: This bill provided that a seed supplier may not enter property owned or occupied by the farmer unless certain conditions are satisfied. This legislation was contentious during the Session; however, both chambers passed the legislation, and as a result, a seed conference was held during the fall of 2002 to work out differences and prepare for the 2003 Indiana General Assembly.
 - House Bill 1306 – *Waters of the State*: This legislation redefined "waters" and directed the Environmental Quality Services Council (EQSC) to study wetlands issues during the 2002 interim. The legislation prohibited the adoption or enforcement of administrative rules concerning wetlands issues until the EQSC completed its study. The legislation passed both chambers and was signed by Governor O'Bannon.
 - Senate Bill 381 – *Use of MTBE as Gasoline Additive*: This legislation stated that after July 23, 2004, gasoline sold, offered for sale, or used in Indiana may not contain more than one-half percent by volume of methyl tertiary butyl ether

(MTBE). This legislation was supported and passed by the Indiana General Assembly and was signed by Governor O'Bannon.

- In 2002, a special legislative session was called. One bill was introduced; that being House Bill 1001ss. The bill was passed by both chambers and was signed by Governor O'Bannon. Below is a selection of its benefits:
 - Eliminated 60% of the school general fund levy through state-paid property tax replacement credit.
 - Increased the homestead credit to 20%.
 - Increased the homestead deduction from \$6,000 to \$35,000.
 - Established a new 20% property tax replacement credit applicable to all real and individual personal property.
 - Eliminated the corporate gross income tax and the supplemental net income tax. The legislation raised the corporate adjusted gross income tax to 8.5%.
 - Increased the research and development tax credit from 5% to 10% and repeals the apportionment formula.
 - Eliminated the inventory tax in the fifth year (2007) and gives counties the option to eliminate the inventory tax sooner if they pass a local economic development income tax to provide additional homestead credits.
- Received updates from the Indiana Rural Development Council, Indiana Land Resources Council and the Value-Added Business Development sections of the Office of the Commissioner of Agriculture.
- Discussed the U.S. Department of Agriculture's economic assistance package, in which \$1.16 million was awarded to Indiana for the promotion of agriculture and specialty crops. The Office of the Commissioner of Agriculture is administering this one-time grant program.
- Reviewed and commented on the Indiana Department of Environmental Management (IDEM) National Pollutant Discharge Elimination System (NPDES) permit for the first confined feeding operations permit in Indiana.
- Reviewed, coordinated with agricultural commodity groups, and provided recommendations to the National Association of State Departments of Agriculture (NASDA) on *The Guide for Environmental Laws Affecting Agriculture*. The final guide should be returned to Indiana by late 2002.
- Began work on the Counter-Terrorism and Security Council (C-TASC) Agriculture Security Report. The Office of the Commissioner of Agriculture convened a task force of over 40 stakeholders to discuss vulnerabilities in the industry and to make proactive-measure recommendations. The Agriculture Security Task Force organized seven teams to facilitate preparation against terrorist threats. They were: Farm Animals and Wildlife; Hazardous Materials; Plant Food, Agricultural Chemicals, Grain,

Animal Feeds and Seed; Processing, Transportation, and Facilities; Research Facilities and Initiatives; Sociological Issues; and Water Issues. The teams developed a set of recommendations, and then an executive summary was developed from the seven team reports. (See attached Report.)

April 2002

- Reviewed and approved a letter to the Indiana Department of Environmental Management from ICARD on the Section 303(d) List of Impaired Water Bodies and Streams in Indiana.
- Reviewed components of the strategic plan for Indiana agriculture. These sections included: quality of life, environment, value-added, competitiveness in agriculture, food safety and biosecurity, and research and new technology.
- Received an update from the Indiana Department of Education – Vocational Agriculture Division on agricultural education and FFA programs and progress in the state of Indiana.
- Worked with the Indiana Department of Commerce – Energy Policy Division on an energy audit program for Indiana farmers. The program will launch in 2003.
- Assisted the Eastern Hancock Community School Corporation with ideas for a high-tech agricultural program. The corporation received a three-year \$1.5 million grant from Eli Lilly to develop classroom curriculum on high-tech agriculture.

June 2002

- Traveled to northern Indiana, and met with representatives of Chore-Time Brock Manufacturing and Maple Leaf Farms in Milford.
 - Visited and toured the Chore-Time Brock facility which included viewing areas from idea initiation to product manufacturing.
 - Toured the Maple Leaf Farms value-added processing facility and viewed areas including the assembly line workforce, packaging and distribution warehouse.
- Updated and reviewed sections of the “Strategic Plan for Indiana Agriculture.”

August 2002

- Planned participation in Indiana State Fair activities. Assisted OCA staff in working the booth and “Who Wants To Be A Farmer” game show in the Pioneer Our Land Pavilion. The lieutenant governor met with 12 commodity / farm groups during the 12-day event. ICARD also assisted in coordinating the River Friendly Farmer program, in which Lt. Governor Kernan saluted and presented certificates to 43 Indiana farmers who are practicing good conservation on their farms. The FFA Pavilion was the venue for this fourth annual event.

- Discussed issues regarding dry weather conditions and the effects on crops and harvest for 2002. Assistant Commissioner of Agriculture Joe Pearson shared with ICARD the idea of filing for federal disaster assistance with the U.S. Department of Agriculture. Hoosier farmers will sign-up for disaster assistance with local USDA Farm Service Agency offices once the declaration is granted from the USDA Secretary.
- Provided an update on the "Strategic Plan for Indiana Agriculture," farm bill, and upcoming legislation.
- Received reports from the Indiana Rural Development Council, Indiana Land Resources Council and the Value Added Business Development section of the Office of the Commissioner of Agriculture.

November 2002

- Met with leaders of the Indiana agriculture community to finalize the components and language of the "Strategic Plan for Indiana Agriculture."
- Prepared materials for the ICARD Legislative Proposals Forum on December 17, 2002.
- Worked with the Indiana Department of Environmental Management (IDEM) on the following initiatives:
 - Save The Valley lawsuit,
 - U.S. Environmental Protection Agency Watershed Initiative, and
 - Venture between the Indiana Department of Natural Resources, IDEM and the Office of the Commissioner of Agriculture on education about wetlands and their natural resource value to society.

December 2002

- Hosted the annual ICARD legislative proposals forum and received 15 legislative proposals for the agricultural industry. The proposals focused on the following topics:
 - Agricultural Education
 - Center for Agriculture, Science and Heritage (CASH Project)
 - Classified Farmland
 - Clean Water Indiana
 - Confined Feeding Statute
 - Conservation
 - Environmental Protection
 - Farm Safety and Rural Health
 - Reassessment and Budget Issues
 - Research and Development
 - Restructuring Indiana's Tax System
 - Seed Arbitration Law

Appendix

For your convenience, the referenced reports in this annual report are attached.
They are:

- Counter-Terrorism and Security Indiana Agriculture Security Report.
- Strategic Plan for Indiana Agriculture.